

Possible recall

National Highway Traffic Administration (NHTSA) might recall 1.5 million Ford Pinto and 30,000 Mercury Bobcat cars that were built between 1971 and 1976. (Station wagons are not involved.)

Investigation by NHTSA found a safety defect in the fuel systems of the Pintos. The Mercury Bobcats were not studied but have fuel systems and related components identical to those of the Pintos. NHTSA concluded that the same safety defect would exist with the Bobcats.

NHTSA found that low-to-moderate speed rear-end collisions of Pintos produced massive fuel leaks due to puncture or tearing of the fuel tank and separation of the filler pipe from the tank. Of 12 rear-end collisions of Pintos, 2 caused fires from spilled fuel when hit by a full-sized vehicle traveling 35 miles per hour. The Pinto doors were also jammed shut in many of the collisions.

Ford Motor Co. and others who wish to will have an opportunity to explain their views before NHTSA orders a recall. A hearing, which is open to the public, will take place June 14 at 10 a.m. in Room 2230, Transportation Dept. building, 400 7th St., SW, Washington, DC. To speak at the hearing call Mrs. Nancy Martus at 202-426-2850 by June 7.

The Federal Motor Vehicle Safety Standard 301 concerning fuel systems did not become effective until September 1976. Since that date both Pinto and Bobcat fuel systems were redesigned to meet the requirements of the new standard. (In 1977 testing, Pinto met those requirements.)

A day at the races

The Interstate Commerce Commission (ICC) has won an appeals court decision which strengthens the agency's ability to protect consumers, as well as the transportation industry, against illegal rebates made to shippers.

The US Court of Appeals for the Sixth Circuit in Cincinnati affirmed the conviction of Key Line Freight, Inc., which had been found guilty of 28 counts of granting rebates to shippers. The rebates involved Key Line providing expense-paid trips to the Kentucky Derby for shipper representatives. The trips were provided to induce shippers to use Key Line service to Louisville, KY.

Illegal rebates help to keep prices high and hurt competition. Peter Shannon, Director of ICC's Bureau of Investigations and Enforcement, said, "The victory will lead to increased enforcement activity in the area of rebating—in the form of entertaining, or in any other form—which is destructive to the basic rate integrity of the transportation industry."

consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE
Office of Consumer Affairs

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Consumers and life insurance symposium

For the first time, a group of consumer leaders, insurance industry executives, insurance experts, and Federal and state insurance regulators have met to discuss problems consumers face when dealing with the confusing world of life insurance.

A symposium, "Consumers and Life Insurance: An Exchange of Views," sponsored by the **National Consumers League** and the **Office of Consumer Affairs (OCA)** in Washington May 15 and 16 focused on the consumer's need for comprehensible policy language, ways of comparing the costs of different policies, industry marketing, and sales practices.

"Consumers want basic rights and protection when they purchase life insurance," Esther Peterson, President Carter's Special Assistant for Consumer Affairs, told the 100 participants. "They want policies written in language they can understand, and they want to be able to compare coverage and prices of policies offered by competing companies."

Consumer advocates also broke some new ground in their dialogue with the industry, to which consumers pay over \$29 billion per year in premiums, taking the opportunity the symposium presented to call for immediate consideration of several issues:

- Better information for consumers about how to buy life insurance and how to select a reputable company or agent. Consumers, dependent on agents for specific information, don't always consider that agents are in business to sell and may sell hardest those policies which give them the highest commissions, instead of the policies which best meet consumer needs and resources.

- Availability of comprehensible information on coverage and price before purchase.

- Competition based on facts rather than favors and "salesmanship." Premium costs may vary by as much as 92% for term policies and by 515% among whole life insurance policies.

- Consumer assurance that agents are adequately trained and companies financially stable.

- Determination of premium payments on the basis of health habits which affect longevity rather than on the basis of sex.

Lee Richardson, OCA Acting Director, pointed out that, "The public is demanding, and rightfully so, to be apprised of all types of consumer issues that affect them. Consumers want to be informed, educated and enlightened. The public is demanding a role in deciding policy directions for this industry, other industries, and for government regulators as well."

Adding that OCA will be placing high priority on life insurance consumer problems, Dr. Richardson said that he plans to ask Congress for additional support "to increase public discussion on this important national industry."

A summary of the symposium's sessions is being prepared. Information on how to get a copy will appear in **CONSUMER NEWS** as soon as it is available.

How the top 20 moving companies compare: ICC report for 1977

Required 1977 performance reports filed by over 2,500 household moving companies are available for inspection at **Interstate Commerce Commission's** (ICC) headquarters in Washington, DC and can be reviewed through a computer system in Atlanta, Boston, Chicago, Fort Worth, Philadelphia New York, Los Angeles, Miami and San Francisco. ICC requires each moving company (except intrastate movers) to give a copy of its performance report to each prospective shipper. This way consumers can compare performance reports of different companies when trying to decide which company to hire for their moves.

Here are the performance data for the top 20 moving companies, based on the amount of business

they do (about
sarily the best

ICC also pointed
been verified b

For more info
Atherton, Chi
20423; telephon
For a copy of
address or call

(See related s

	Average - 20 movers listed	Aero-Mayflower Transit Co.	Allied Van Lines, Inc.	American Red Ball Transit Co.	Atlas Van Lines, Inc.	Bekins Van Lines Co.	Burnham Van Services, Inc.	Engel Van Lines	Fogarty Van Lines, Inc.	Global Van Lines, Inc.
Shipments delivered (c.o.d.)	419,001	71,230	90,117	8,651	20,838	56,217	2,498	1,906	5,914	14,008
Shipments estimated	245,193	43,889	46,134	5,447	12,651	26,773	1,123	1,370	5,034	10,231
Percent of shipments on which there occurred a 10% or greater overestimation of charges	27.5	33.6	26.5	26.9	28.2	37.9	29.0	12.6	29.4	22.4
Percent of shipments on which there occurred a 10% or greater underestimation of charges	23.7	25.7	26.4	27.4	29.4	23.7	21.4	18.8	22.3	24.1
Percent of shipments picked up more than 5 days later than specified in the Order for Service	1.3	1.3	1.4	1.6	1.1	1.0	0.3	0.0	0.2	0.3
Percent of shipments picked up one to 5 days later than specified in the Order for Service	3.1	2.1	3.3	2.9	1.9	3.0	0.3	0.3	0.4	1.6
Percent of shipments delivered more than 5 days later than specified in the Order for Service	5.3	7.1	2.6	11.1	9.2	6.1	9.2	3.2	0.5	7.5
Percent of shipments delivered one to 5 days later than specified in the Order for Service	8.1	9.1	4.9	9.9	11.6	8.9	8.7	11.4	1.2	10.9
Percent of shipments on which a \$50 or greater claim for loss or damage was filed	17.8	22.7	14.8	15.8	23.1	18.4	15.8	11.1	25.5	8.8
Percent of claims filed for damages or expenses resulting from moving company delay	1.4	0.7	0.7	2.1	1.7	2.7	1.2	0.8	0.3	1.2
Average number of days to settle claims for loss or damage	28	32	39	32	24	25	13	41	28	24
Percent of claims settled within 30 days after filing	69	66	61	57	67	75	88	34	71	77
Percent of claims settled between 31 and 60 days after filing	16	12	17	29	19	14	11	26	17	18
Percent of claims settled more than 60 days after filing	16	22	22	14	14	11	1	40	12	4
Percent of claims during the calendar year that were settled:										
a. Before the shipper filed a law suit	99.2	99.7	98.0	100.0	99.7	99.2	99.8	100.0	99.7	100.0
b. After the shipper filed a law suit but before the court's final decree	0.8	0.3	1.8	0	0.2	0.4	0.2	0.0	0.1	0.0
c. After the court's final decree	0.2	0.0	0.2	0	0.1	0.4	0.0	0.0	0.1	0.0

but 80% of all household moving business in the US). ICC points out these are not necessarily 20 movers, just the biggest.

points out that the figures given here were sent in by the companies and they have not been checked by ICC.

For information about household moving, get in touch with an ICC regional office or Ray E. Chief, Household Goods Branch, Interstate Commerce Commission, Washington, DC 20540, phone 202-275-7852. Or call the toll-free hotline (except Washington, DC) 800-424-9312.

For a press release about complaints against the top moving companies write to above address or call the hotline listed above.

See story on household goods estimates in this issue of CONSUMER REGISTER.)

Ivory Van Lines, Inc.	King Van Lines, Inc.	Lyon Moving and Storage Co.	National Van Lines, Inc.	North American Van Lines, Inc.	Pan American Van Lines, Inc.	Republic Van Lines, Inc.	Smyth Van Line, Inc.	Trans American Van Service	United Van Lines, Inc.	Wheaton Van Lines, Inc.
2,091	3,842	7,103	6,237	59,638	3,161	6,186	4,907	2,082	43,859	8,516
1,084	3,317	2,471	2,723	40,278	2,401	5,016	3,152	1,895	26,732	3,472
27.6	12.8	22.2	26.7	24.4	32.0	22.7	19.9	10.1	21.5	19.6
26.8	15.5	26.1	28.7	20.1	21.7	24.5	31.9	13.6	19.6	11.3
0.9	5.0	0.3	1.0	1.4	0.9	0.1	0.7	0.0	2.2	0.4
2.4	5.9	0.6	1.5	4.7	0.2	1.2	0.6	0.6	5.5	0.6
1.2	1.3	4.5	19.3	3.0	2.4	3.5	9.1	8.3	5.1	7.8
3.2	7.9	7.3	16.2	8.9	6.2	6.9	8.7	1.3	8.4	8.1
14.5	13.6	14.5	20.7	20.4	14.9	20.6	6.4	11.6	14.6	14.5
0.3	0.7	0.9	2.6	2.1	0.1	2.1	1.4	.01	0.9	1.5
14	57	20	34	20	21	33	45	38	23	27
76	27	78	58	76	75	59	43	31	78	67
11	26	20	29	15	20	29	25	44	8	21
13	47	2	13	9	5	12	32	25	14	12
99.0	96.5	99.9	99.2	99.3	99.0	98.5	90.1	97.3	99.0	99.9
1.0	0.0	0.0	0.5	0.6	0.5	1.4	9.4	0.0	0.1	0.1
0.0	3.5	0.1	0.3	0.1	0.5	0.1	0.3	2.7	0.0	0.0

White House consumer office using new muscle

Since President Carter strengthened Esther Peterson's office in April, the President's Special Assistant for Consumer Affairs has begun to represent consumers in Federal decision-making on a wide range of issues.

Regarding a pending decision by the White House on how to maintain the domestic sugar industry in the face of cheap sugar from abroad, for example, Mrs. Peterson has joined the **Office of Consumer Affairs (OCA)** in advocating support of American raw sugar prices at 13½¢ a pound (about the current price) with a small Government subsidy of about .55¢ a pound direct to sugar farmers. This, she feels, would assure consumers reasonable prices and efficient sugar farmers adequate incomes. This has become the Administration's position.

In recent Congressional testimony on proposals to amend the Meat Import Act of 1964 to counteract the cattle production cycle — and its resulting meat price fluctuations — Mrs. Peterson pointed out that most of the amendments proposed would not have the desired effect, would be restrictive, and would tend to drive up retail meat prices. Basing her remarks on an OCA review, Mrs. Peterson said the President's existing authority under the 14-year-old statute allows greater flexibility to respond to the cyclical problem than any of the proposed amendments would permit.

Other examples of Mrs. Peterson's expanded efforts are her active support of proposed Federal no-fault insurance legislation and increased public participation in Federal decision-making as well as her membership in the newly-created inter-agency Solar Energy Task Force.

As the Kidvid turns

As already reported in CONSUMER NEWS May 15, **Federal Trade Commission's (FTC)** proposed rule on children's TV advertising — the so-called "Kidvid Rule" — and its inquiry into the issues of fact and law the proposal raises may be limited by a House Appropriations Committee subcommittee's amendment to an FTC appropriations bill which forbids the use of FTC funds to regulate advertising of any food product **Food and Drug Administration (FDA)** has determined to be safe. The Committee must decide whether to send the bill to the House floor with the amendment still attached.

A coalition of 23 consumer and public interest groups, public health professionals, educators, parents, trade

(Continued on page 4)

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unions and nutritionists has written. Appropriations Committee Chairman Rep. George H. Mahon (TX) to ask that the Committee delete the amendment from the bill. The coalition's letter says that the subcommittee's action went beyond its jurisdiction and unless reversed it will encourage other subcommittees to use this mechanism for anti-consumer purposes. The letter adds that the assertion before the subcommittee that the kidvid rule is an FTC incursion into FDA jurisdiction is incorrect. FDA regulates food manufacturing and labeling, the letter points out, and FTC regulates food advertising. In addition, FDA Commissioner Donald Kennedy and Surgeon General Julius Richmond are both on record in support of the FTC inquiry.

To underscore the importance of the issue the letter cites a consumer survey for the **Food Marketing Institute** which shows that 60% of the public feel deeply enough about the issue that they would accept fewer children's programs in exchange for a ban on TV advertising directed to children under 12.

Correction

CONSUMER NEWS May 15 contained a report on "Fitness, caution and feet." Although we mentioned James J. Conniff's *Getting on a Good Footing* as the source of some of the information included in the CONSUMER NEWS story, we failed to report that his article appeared in the *New York Times Magazine* of April 23, 1978. We apologize for the omission.

The phantom strikes

The nation's 100 largest electric utilities charged consumers \$2.08 billion in 1976 for Federal income taxes which were never paid, according to the **Environmental Action Foundation (EAF)**, a public interest group working on utility issues.

The group says that **Federal Energy Regulatory Commission** records show that the utilities paid only \$374 million to the **Internal Revenue Service** in 1976 while charging consumers almost \$2.5 billion for Federal taxes.

The utilities say that these taxes are simply "deferred" as tax breaks and in time will be either paid or refunded to consumers. However, EAF says that "as long as a utility continues to grow, it can postpone indefinitely the payment of taxes, by collecting larger and larger new tax breaks."

These "phantom taxes," as unpaid taxes charged to consumers have been called, actually constitute "an involuntary interest-free loan from the consumer to the utility," EAF says, "and as long as the utility continues to grow, much of the loan will never be paid back."

EAF, which exposed phantom taxing 2 years ago, claims that "Federal tax laws actually encourage utilities to collect phantom taxes from their customers. Not only does this practice needlessly boost your utility bills, but it encourages the power companies to build unnecessary new power plants."

EAF says the top offenders are Chicago-based Commonwealth Edison which charged consumers \$156 million for phantom taxes; Duke Power Co. which collected \$126.5 million for phantom taxes; and Florida Power & Light Co. which charged its customers \$76.5 million for taxes actually received a tax refund of \$49 million for a total phantom tax overcharge to consumers of \$125.6 million.

• **National Highway Traffic Safety Administration's (NHTSA) Motorcycle Helmets: Claims and Facts** describes the value of helmets in reducing fatalities and serious injuries. Single copies are available free from General Services Division/Distribution, NHTSA, Washington, DC 20590.

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